

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other				Local Government Name		County	
Audit Date		Opinion Date		Date Accountant Report Submitted to State:			

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☐ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☐ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☐ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☐ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☐ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☐ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☐ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☐ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☐ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			
Reports on individual federal financial assistance programs (program audits).			
Single Audit Reports (ASLGU).			

Certified Public Accountant (Firm Name)				
Street Address		City	State	ZIP Code
Accountant Signature			Date	

LOCH ALPINE SANITARY AUTHORITY
OF WEBSTER AND SCIO TOWNSHIPS

REPORT ON AUDIT OF
FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2005

BOARD OF TRUSTEES

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John Westman

AUTHORITY ATTORNEY

Reading, Etter & Lillich

AUTHORITY AUDITORS

Pfeffer, Hanniford & Palka
Certified Public Accountants

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PFEFFER ■ HANNIFORD ■ PALKA
Certified Public Accountants

John M. Pfeffer, C.P.A.
Patrick M. Hanniford, C.P.A.
Kenneth J. Palka, C.P.A.

Members:
AICPA Private Practice Companies Section
MACPA

225 E. Grand River - Suite 104
Brighton, Michigan 48116-1575
(810) 229-5550
FAX (810) 229-5578

October 28, 2005

Board of Trustees
Loch Alpine Sanitary Authority of
Webster and Scio Townships
827 North Zeeb Road
Ann Arbor, Michigan 48103

INDEPENDENT AUDITORS' REPORT

Honorable Board of Trustees:

We have audited the accompanying financial statements of the Loch Alpine Sanitary Authority of Webster and Scio Townships as of and for the year ended June 30, 2005. These financial statements are the responsibility of the Authority Board. Our responsibility is to express an opinion on these financial statements based on the audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the government activities of the Loch Alpine Sanitary Authority of Webster and Scio Townships, as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year end in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis on pages 6 through 9 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Loch Alpine Sanitary Authority of Webster and Scio Townships' basic financial statements. The Supplementary Information presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, fairly states in all material respects in relation to the basic financial statements as a whole.

Pfeffer, Hanniford & Palka, P.C.

PFEFFER, HANNIFORD & PALKA
Certified Public Accountants

MANAGEMENT
DISCUSSION
AND ANALYSIS

Within this section of the Loch Alpine Sanitary Authority of Webster and Scio Townships' financial report, the Authority's management is providing a narrative discussion and analysis of the financial activities of the Authority for the fiscal year ended June 30, 2005. This narrative discusses and analyzes the activity within the context of the accompanying financial statements and disclosures following this section. The discussion focuses on the Authority's primary government and, unless otherwise noted, component units reported separately from the primary government are not included.

Overview of the Financial Statements

Management's Discussion and Analysis introduces the Authority's financial statements. The financial statements include all the statements required by the Governmental Accounting Standards Board and the notes to the financial statements. The Authority also includes in this report additional information to supplement the basic financial statements.

Government-wide Financial Statements

The Authority's annual reports include two Authority-wide financial statements. These statements provide both long-term and short-term information about the Authority's overall status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

The first of these statements is the Statement of Net Assets. This is the Authority-wide statement of position presenting information that includes all the Authority's assets and liabilities, with the difference reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Authority as a whole is improving or deteriorating. Evaluation of the overall health of the Authority may extend to various non-financial factors as well.

The second government-wide statement is the Statement of Revenues, Expenses and Changes in Net Assets which reports how the Authority's net assets changed during the current fiscal year. The design of this statement is to show the financial reliance of the Authority's distinct activities or functions on the revenues generated by the Authority.

The Authority's financial reporting includes all the funds of the Authority (primary government) and, additionally, organizations for which the Authority is accountable (component units). Since the Authority's sole purpose is to operate and manage a water and sewer system, only one fund is maintained. Thus, there are no fund financial statements prepared by the Authority.

Notes to the financial statements

The accompanying notes to the financial statements provide information essential to a full understanding of the financial statements.

Other information

In addition to the financial statements and accompanying notes, this report also presents certain supplementary information. Other supplementary information includes a budget to actual reconciliation for current year Authority operations.

Financial Analysis of the Authority as a Whole

The Authority's net assets at the end of the fiscal year were \$2,315,388. This is a \$99,410 increase over last year's net assets of \$2,215,978.

The following tables provide a summary of the Authority's financial activities and changes in net assets:

Summary of Net Assets

	<u>6/30/2004</u>	<u>6/30/2005</u>
Current and other assets	\$ 1,118,042	\$ 1,249,774
Capital assets, net	<u>1,114,595</u>	<u>1,081,223</u>
Total assets	<u>2,232,637</u>	<u>2,330,997</u>
Accounts payable	9,559	8,509
Deposits	<u>7,100</u>	<u>7,100</u>
Total liabilities	<u>16,659</u>	<u>15,609</u>
Net assets:		
Invested in capital assets, net of related debt	1,114,595	1,081,223
Unrestricted	<u>1,101,383</u>	<u>1,234,165</u>
Total net assets	<u>\$ 2,215,978</u>	<u>\$ 2,315,388</u>

Revenues from operations increased by 3% from the prior fiscal year while operating expenses had only increased by 1.3%.

As a result, net income increased from \$76,966 for the year ended June 30, 2004 to \$99,410 for the year ended June 30, 2005. Additionally, a total of \$23,215 was spent on acquiring and improving the Authority's capital assets.

Summary of Changes in Net Assets

	<u>6/30/2004</u>	<u>06/30/2005</u>
Operating revenues	<u>\$ 430,952</u>	<u>\$ 443,675</u>
Operating expenses		
General	201,228	205,067
Sewer	95,710	97,381
Water	<u>69,193</u>	<u>68,429</u>
Total operating expenses	<u>366,131</u>	<u>370,877</u>
Operating income	64,821	72,798
Non-operating revenues		
Interest income	<u>12,145</u>	<u>18,237</u>
Net income before capital contributions	76,966	91,035
Capital contributions		
Connection fees	<u> </u>	<u>8,375</u>
Change in net assets	76,966	99,410
Beginning net assets	<u>2,139,012</u>	<u>2,215,978</u>
Ending net assets	<u><u>\$ 2,215,978</u></u>	<u><u>\$ 2,315,388</u></u>

Capital and Debt Administration

As of June 30, 2005, the Authority does not have any outstanding long-term debt in the form of bonds or loans payable.

The Authority spent \$23,215 on acquiring capital assets including \$11,453 for building improvements, \$8,462 for well pump improvements, and \$3,300 for generators to be purchased in the subsequent period.

Economic Factors and Next Year's Goals

The Authority's financial outlook continues to remain strong. The population in the service area is expected to remain constant to slowly rising, with two new users added during the fiscal year. Nearly one-half of the authority's net assets are in cash or marketable securities. Further, the Authority is unencumbered by debt.

The Authority faces challenges in the future, as well. Rising energy and fuel costs pose challenges to both the Authority and its customers. During this fiscal year, the Authority's electrical and heating costs increased by nearly 12% from the prior year. If such trends continue, these costs may be passed on to customers, who are also enduring higher energy costs.

Contacting the Authority's Financial Management

This report is designed to provide a general overview of the Authority's financial position and comply with finance-related regulations. If you have further questions about this report or request additional information, please contact the Authority at 827 North Zeeb Road, Ann Arbor, Michigan 48103.

BASIC
FINANCIAL
STATEMENTS

LOCH ALPINE SANITARY AUTHORITY
OF WEBSTER AND SCIO TOWNSHIPS
STATEMENT OF NET ASSETS
JUNE 30, 2005

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 1,074,955	
Accounts receivable	144,834	
Prepaid expenses	<u>29,985</u>	
Total current assets		\$ 1,249,774

CAPITAL ASSETS

Land	23,500	
Office equipment	8,743	
Equipment	157,733	
Water and sewer system	914,611	
Iron removal plant	643,423	
Construction in progress	<u>3,300</u>	
	1,751,310	
Less accumulated depreciation	<u>(670,087)</u>	
Capital assets, net		<u>1,081,223</u>
Total assets		2,330,997

LIABILITIES

CURRENT LIABILITIES

Account payable	\$ 8,509	
Deposits	<u>7,100</u>	
Total liabilities		<u>\$ 15,609</u>

NET ASSETS

NET ASSETS

Invested in capital assets	1,081,223	
Unrestricted	<u>1,234,165</u>	
Total net assets		<u>\$ 2,315,388</u>

The notes are an integral part of the financial statements.

LOCH ALPINE SANITARY AUTHORITY
OF WEBSTER AND SCIO TOWNSHIPS
STATEMENT OF REVENUES AND EXPENSES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2005

OPERATING REVENUES		
Water and sewer billings	\$ 442,883	
Other charges for services	<u>792</u>	
Total operating revenues		\$ 443,675
OPERATING EXPENSES		
GENERAL		
Management services	\$ 130,598	
Administration expenses	8,408	
Office supplies	1,733	
Printing and advertising	293	
Legal fees	3,682	
Postage and freight	1,034	
Audit fees	5,150	
Consulting fees	605	
Accounting services	13,125	
Insurance	33,497	
Repairs and maintenance	4,000	
Telephone	2,198	
Utilities	694	
Miscellaneous	50	
SEWER		
Repairs and maintenance	35,275	
Consulting fees	474	
Supplies	16,895	
Utilities	7,743	
Depreciation	28,983	
Miscellaneous	235	
Permits	3,531	
Sludge removal	4,245	
WATER		
Repairs and maintenance	25,143	
Consulting fees	1,930	
Utilities	9,888	
Depreciation	27,604	
Supplies	3,682	
Miscellaneous	<u>182</u>	
Total operating expenses		<u>370,877</u>
Operating income		72,798
NON-OPERATING REVENUES		
Interest income		<u>18,237</u>
Net income before capital contributions		91,035
CAPITAL CONTRIBUTIONS		
Connection fees		<u>8,375</u>
Changes in net assets		99,410
NET ASSETS, JULY 1, 2004		<u>2,215,978</u>
NET ASSETS, JUNE 30, 2005		<u>\$ 2,315,388</u>

The notes are an integral part of the financial statements.

LOCH ALPINE SANITARY AUTHORITY
OF WEBSTER AND SCIO TOWNSHIPS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2005

CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES	
Receipts from customers	\$ 434,899
Payments to vendors	<u>(318,312)</u>
Net cash from operating activities	\$ 116,587
CASH FLOWS FROM (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES	
Connection fees received	8,375
Additions to system	<u>(23,215)</u>
Net cash (used in) capital and related financing activities	(14,840)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received from operating	<u>18,237</u>
Net increase in cash and cash equivalents	119,984
CASH AND CASH EQUIVALENTS AT JULY 1, 2004	<u>954,971</u>
CASH AND CASH EQUIVALENTS AT JUNE 30, 2005	<u><u>\$ 1,074,955</u></u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Operating income	\$ 72,798
Adjustments to reconcile operating income (loss) to net cash provided by operating activities	
Depreciation expense	56,587
Changes in assets and liabilities	
Receivables, net	(8,776)
Prepaid expenses	(2,972)
Accounts and other payables	<u>(1,050)</u>
Net cash provided by operating activities	<u><u>\$ 116,587</u></u>

The notes are an integral part of the financial statements.

NOTES
TO
FINANCIAL
STATEMENTS

LOCH ALPINE SANITARY AUTHORITY
OF WEBSTER AND SCIO TOWNSHIPS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2005

NOTE 1 - DESCRIPTION OF ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

DESCRIPTION OF ENTITY - The Authority was formed by Webster and Scio Townships in May 1957 under Act No. 233 of the Public Acts of 1955. The purpose of the Authority is to acquire, own, extend, improve and operate a sewage disposal system and a water supply system.

A. SIGNIFICANT ACCOUNTING POLICIES

The accounts of the Authority are organized on the basis of a proprietary fund type, specifically an Enterprise Fund. The activities of this fund are accounted for with a separate set of self-balancing accounts that comprise the Authority's assets, liabilities, net assets, revenues, and expenses. Enterprise funds account for activities:

1. That are financed with debt that is secured solely by a pledge of the net revenues from fees and charges of the activity; or
2. That are required by laws or regulations that the activity's costs of providing service, including capital costs (such as depreciation or debt service), be recovered with fees and charges, rather than with taxes or similar reviews; or
3. That the pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs (such as depreciation or debt service).

B. MEASUREMENT FOCUS

The financial activities of the Authority are accounted for on a flow of economic resources measurement focus, using the accrual basis of accounting. Under this method, all assets and liabilities associated with its operations are included on the statement of net assets; revenues are recorded when earned, and expenses are recorded when liabilities are incurred.

C. CASH AND CASH EQUIVALENTS

The Authority considers its deposits and restricted deposits and investments held with maturities of three months or less are considered to be cash equivalents.

D. CAPITAL ASSETS

Capital assets are stated at cost. Depreciation and amortization are computed using the straight-line method based on the estimated useful lives of the related assets, which range from 5 to 40 years for equipment and 5 to 40 years for buildings, structures, and improvements.

E. CONSTRUCTION-IN-PROGRESS

The costs of acquisition and construction of major plant and equipment is recorded as construction-in-progress. As facilities are accepted by the Authority and become operative, they are transferred to the facilities and improvements or machinery and equipment accounts and depreciated in accordance with the Authority's depreciation policies. Costs of construction projects that are discontinued are recorded as expense in the year in which the decision is made to discontinue such projects.

LOCH ALPINE SANITARY AUTHORITY
OF WEBSTER AND SCIO TOWNSHIPS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2005

NOTE 1 - DESCRIPTION OF ENTITY AND SUMMARY OF
SIGNIFICANT ACCOUNTING POLICIES - (continued)

F. CAPITALIZATION OF INTEREST

A portion of the interest cost incurred on capital projects is capitalized on assets that require a period of time for construction or to otherwise prepare them for their intended use. Such amounts are amortized over the useful lives of the assets.

G. PREMIUM AND ISSUANCE COSTS

Bond discount, premium, and issuance costs are amortized over the term of the related bonds. No bonds were outstanding or issued during the year ended June 30, 2005.

H. INCOME TAXES

As government agency, the Authority is exempt from both federal income taxes and Michigan Single Business Tax.

NOTE 2 - MANAGEMENT'S ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 3 - BUDGETARY DATA

The Authority follows these procedures in establishing its budgetary data:

1. The Authority prepares the annual operating budget and submits copies to the Webster and Scio Township Boards.
2. Public hearings are conducted to obtain Authority customers' comments.
3. The budget is legally adopted by approval of the members of the Authority's board.
4. Rate increases must be approved by the members of the Authority's board.

LOCH ALPINE SANITARY AUTHORITY
OF WEBSTER AND SCIO TOWNSHIPS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2005

NOTE 4 - DEPOSITS WITH FINANCIAL INSTITUTIONS

Michigan Compiled Laws, Section 129.91, authorizes the Authority to deposit and invest in the accounts of Federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or Federal agency obligation repurchase agreements; bankers' acceptance of United States banks; commercial paper rated by two standard rating agencies within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan. The Authority deposits are in accordance with statutory authority. The Authority maintains an imprest petty cash of \$100.

The Governmental Accounting Standards Board Statement No. 3 risk disclosures for the Authority's deposits are as follows:

<u>Deposits</u>	<u>Carrying Amount</u>	<u>Bank Balance</u>
Insured	\$ 100,000	\$ 100,000
Uninsured and uncollateralized	<u>974,855</u>	<u>957,097</u>
Total deposits	<u>\$ 1,074,855</u>	<u>\$ 1,057,097</u>

LOCH ALPINE SANITARY AUTHORITY
OF WEBSTER AND SCIO TOWNSHIPS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2005

NOTE 5 - STATEMENT OF CASH FLOWS

Pursuant to the Governmental Accounting Standards Board (GASB) statement number 9, a statement of cash flows is presented. The purpose of the statement of cash flows is to explain the change in cash and cash equivalents during the year. Cash equivalents are defined as short-term, highly liquid investments with original maturities of three months or less. The direct method was utilized to present cash flows from operations. The following summarizes beginning and ending cash and cash equivalents:

	<u>JULY 1, 2004</u>	<u>JUNE 30, 2005</u>
Current assets		
Cash	\$ 775,807	\$ 836,535
Reserved current		
Cash and cash equivalents	<u>179,164</u>	<u>238,320</u>
Total cash and cash equivalents	<u>\$ 954,971</u>	<u>\$ 1,074,855</u>
Reserved cash at beginning of year		\$ 179,164
Current year capital acquisitions		(23,215)
Reserved utility billing		<u>82,371</u>
Reserved cash at end of year		<u>\$ 238,320</u>

NOTE 6 - CAPITAL ASSETS

	<u>Balance 7/1/04</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/05</u>
LAND	\$ 23,500	\$	\$	\$ 23,500
OFFICE EQUIPMENT	8,743			8,743
EQUIPMENT	149,271	8,462		157,733
WATER AND SEWER SYSTEM	903,158	11,453		914,611
IRON REMOVAL PLANT	<u>643,423</u>			<u>643,423</u>
Totals	<u>\$ 1,728,095</u>	<u>\$ 19,915</u>	<u>\$</u>	<u>\$ 1,748,010</u>
ACCUMULATED DEPRECIATION				
Water and sewer system	<u>\$ 613,500</u>	<u>\$ 56,587</u>	<u>\$</u>	<u>\$ 670,087</u>
CONSTRUCTION IN PROGRESS	<u>\$</u>	<u>\$ 3,300</u>	<u>\$</u>	<u>\$ 3,300</u>

LOCH ALPINE SANITARY AUTHORITY
OF WEBSTER AND SCIO TOWNSHIPS
NOTES OF FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2005

NOTE 6 - CAPITAL ASSETS - (continued)

Depreciation is computed using the straight line method. Useful lives of the proprietary assets are as follows:

1. Buildings	25 years
2. Machinery and equipment	5 - 10 years
3. Office equipment	5 - 10 years
4. Services - water & sewer	5 - 10 years
5. Systems	5 - 10 years

There was no debt outstanding as of June 30, 2005 that was associated with any capital assets.

NOTE 7 - CONTINGENCIES

The Authority is involved in various legal actions arising in the normal course of business. In the opinion of management, such matters will not have a material effect upon the financial position of the Authority.

NOTE 8 - RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Authority maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Authority. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

NOTE 9 - SEWER BILLINGS

The system currently has 532 users that are billed quarterly for sewer service. Users are billed a minimum charge of \$46.64 per quarter for service.

Operation and maintenance	\$ 7.64
Reserve for debt service/ capital replacement	<u>39.00</u>
Total	<u>\$ 46.64</u>

LOCH ALPINE SANITARY AUTHORITY
OF WEBSTER AND SCIO TOWNSHIPS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2005

NOTE 10 - SEGMENT INFORMATION

Selected financial information is as follows:

Operating revenue	\$ 443,675
Depreciation	56,587
Total assets	2,330,997
Total fund equity	2,315,388
Net income	91,035

SUPPLEMENTARY
INFORMATION

LOCH ALPINE SANITARY AUTHORITY
OF WEBSTER AND SCIO TOWNSHIPS
SCHEDULE OF OPERATIONS - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2005

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES & RECEIPTS			
Water and sewer billings	\$ 406,550	\$ 442,883	\$ 36,333
Interest earned	15,000	18,237	3,237
Connection fees		8,375	8,375
Other charges for services	<u>250</u>	<u>792</u>	<u>542</u>
Total revenues and receipts	<u>\$ 421,800</u>	<u>\$ 470,287</u>	<u>\$ 48,487</u>
EXPENSES AND DISBURSEMENTS			
GENERAL			
Management services	\$ 130,600	\$ 130,598	\$ 2
Administration expenses	8,500	8,408	92
Office supplies	2,200	1,733	467
Printing and advertising	800	3,682	(2,882)
Legal fees	7,500	293	7,207
Postage and freight	1,400	1,034	366
Audit fees	5,150	5,150	
Consulting fees	2,000	605	1,395
Accounting services	20,000	13,125	6,875
Insurance	37,000	33,497	3,503
Repairs and maintenance	8,000	4,000	4,000
Telephone	3,000	2,198	802
Utilities	900	694	206
Miscellaneous	3,200	50	3,150
SEWER			
Repairs and maintenance	50,000	35,275	14,725
Consulting fees	5,000	474	4,526
Supplies	18,000	16,895	1,105
Utilities	8,500	7,743	757
Depreciation	35,000	28,983	6,017
Miscellaneous	3,000	235	2,765
Permits	4,000	3,531	469
Sludge removal	10,000	4,245	5,755
WATER			
Repairs and maintenance	48,000	25,143	22,857
Consultant fees	5,000	1,930	3,070
Utilities	10,500	9,888	612
Depreciation	52,000	27,604	24,396
Supplies	12,000	3,682	8,318
Miscellaneous	<u>2,000</u>	<u>182</u>	<u>1,818</u>
Total expenses and disbursements	<u>\$ 493,250</u>	<u>\$ 370,877</u>	<u>\$ 122,373</u>

This schedule is prepared on a budgetary basis for the operating accounts of the enterprise fund and as such does not present the results of operations on the basis of generally accepted accounting principles but is presented for supplemental information.